

## **FREQUENTLY ASKED QUESTIONS ABOUT RETIREMENT INCENTIVE PROGRAM 2002**

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**Q1 Who is eligible to participate in this retirement incentive program?**

**A1** To be eligible for this program, you must

- a) be employed as a state employee on November 1, 2002 through the effective date of your resignation;
- b) be at least fifty (50) years of age on the effective date of your resignation;
- c) have at least ten (10) years of PERF/TRF service credit;
- d) have at least one (1) full year of state employment; and
- e) be eligible to retire from PERF/TRF at your date of resignation, when including PERF/TRF service purchased under this program.

Participation in the program can add years of service sufficient to meet the minimum requirements for early retirement reduced benefits or for unreduced benefits. (see A-11 below) However, the age requirements and the service requirements in (b) (c) and (d) must be met on the effective date of your resignation, without regard to the additional purchased years of service.

**Q2 What is the time period for participating in this program?**

**A2** Between November 1, 2002 and February 28, 2003, eligible employees who decide to participate must submit the State of Indiana (SOI) Retirement Incentive Election Form and a written letter of resignation. That resignation can be effective anytime between November 1, 2002 and June 6, 2003 for employees on the A Payroll Schedule and between November 1, 2002 and June 14, 2003 for employees on the B Payroll Schedule.

[http://www.in.gov/jobs/retire/retirement\\_incentive\\_form.pdf](http://www.in.gov/jobs/retire/retirement_incentive_form.pdf)

**Q3 If I submit my resignation, but change my mind before February 28, 2003, can I rescind my decision?**

**A3** No, unless the appointing authority of your agency chooses to allow you to rescind that decision. See Indiana Code 5-8-4.

<http://www.ai.org/legislative/ic/code/title5/ar8/ch4.html>

**Q4 If I have already submitted my resignation with a date during this window of time, can I participate in this program and receive the additional service credit and the cash payments?**

**A4** Yes, if you are otherwise eligible to participate.

**Q5 What is the incentive to participate in this program?**

**A5** Participants will receive additional PERF/TRF service credit and cash

payments based upon years of creditable state service.

**Q6 What is creditable service?**

**A6** Creditable service includes all time in PERF/TRF-covered positions. However, for purposes of this program, only those years of service as an Indiana state employee will be used in calculations for additional service credit and cash payments.

For example, a person who was employed by the City of Indianapolis for ten (10) years and is currently employed by the State of Indiana with two (2) years of state employment may participate in this program, if that person is otherwise eligible. However, only the two (2) years of state employment will be used to calculate the additional service credit to be purchased by the state and the amount of the cash payments.

**Q7 What is the formula for additional PERF/TRF service credit for years employed by the State of Indiana?**

**A7** For members with at least ten (10) years of PERF/TRF creditable service who are retiring under the State of Indiana Retirement Incentive Program, the state will purchase one (1) additional year of PERF/TRF creditable service for every completed five (5) years of PERF/TRF creditable service earned while in covered state employment. If you have additional years of creditable service earned while in state employment that do not add to five-year increments, the state will purchase a certain number of months of additional creditable service for each additional full year of PERF/TRF service earned while in covered state employment, as follows:

- 1 year: an additional three (3) months
- 2 years: an additional five (5) months
- 3 years: an additional eight (8) months
- 4 years: an additional ten (10) months

Example 1: For an employee with eighteen years of PERF/TRF creditable service earned while in covered state employment, the state will purchase a total of three (3) years and eight (8) months of additional service credit.

Example 2: For an employee with fourteen years of PERF/TRF creditable service earned while in covered state employment, the state will purchase a total of two (2) years and ten (10) months of additional service credit.

Members who meet all the requirements in Question and Answer #1 who have between one (1) and four (4) completed years of PERF/TRF creditable service earned while in service with the state will also be eligible for the pro rata additional months of PERF/TRF creditable service.

Example 3: For an employee with nine (9) years of PERF/TRF creditable service earned with a municipal government employer and three (3) years

of PERF/TRF creditable service earned while in covered state employment, the state will purchase eight (8) months of additional PERF/TRF creditable service

**Q8 What is the formula for calculating the cash payments?**

**A8** The formula for calculating the cash payments takes the total amount of PERF/TRF service credit for employment by the State of Indiana, (both actual years worked plus additional years purchased in the five (5) year increments) and multiplies that number of years by \$300.

In Example 1 from A7, the employee who worked eighteen (18) full years for the State of Indiana would receive payments for the full years of creditable state employment, plus three (3) years, for a cash payment of \$6300. ( $\$300 \times 21\text{years} = \$6300$ )

**Q9 What is the schedule of cash payments?**

**A9** Cash payments will be made in three (3) equal installments on July 1, 2003, January 1, 2004, and July 1, 2004.

In the example from A8 above, the employee would receive \$2100 on July 1, 2003, \$2100 on January 1, 2004, and \$2100 on July 1, 2004 ( $\$6300 \div 3 = \$2100$ ).

**Q10 How will the cash payments be taxed?**

**A10** Payments will be taxed in the year the payments are made. The payments will be processed through the payroll system and appropriate taxes withheld. The income will be reported on a W2 Form.

**Q11 If the additional service credit plus my age will equal or exceed 85, am I eligible for unreduced retirement benefits even if my age is not 55 (or for reduced early retirement benefits if my age is not 50)?**

**A11** No. The minimum age requirements for full retirement benefits or reduced retirement benefits still apply. Those requirements are:

Reduced Benefits	at age 50 with 15 or more years of service.
Full Benefits	at age 55 with age + years of service = 85; at age 60 with 15 or more years of service; or at age 65 with 10 or more years of service.

See PERF/TRF statutes and rules for full details on eligibility

Teachers Retirement Fund <http://www.in.gov/trf>

Public Employees Retirement Fund <http://www.in.gov/perf>

**Q12 Can I purchase additional service credit based on years worked in other government jobs?**

**A12** Eligible individuals may be entitled to purchase one (1) additional year of PERF/TRF service credit for every five (5) years of actual PERF/TRF non-

state service. In addition, an employee may also be eligible to purchase PERF/TRF service credit for certain military service and for certain out-of-state public service. Purchasing that additional service is optional. The cost for that service is paid by the individual and is not part of this program. Public Employees' Retirement Fund and the Teachers' Retirement Fund have additional information on this topic

Teachers Retirement Fund <http://www.in.gov/trf>

Public Employees Retirement Fund <http://www.in.gov/perf>

**Q13 Does the state service have to be continuous?**

**A13** No.

**Q14 How are the years calculated? Can I add days and months in different jobs together to reach my total service time?**

**A14** Yes, but only whole years of creditable state service will be used in the calculation for the purchase of service credit and the cash payment. For example, if the employee above in A7 and A8 was hired on August 1, 1984, and retired under this program on June 14, 2003, the employee would have 18 years and 9 months and 13 days of actual work time; however, the calculations would be done on the eighteen (18) full years.

**Q15 What happens if I return to state employment within ninety (90) days of my separation from state employment?**

**A15** Employees returning to state employment within ninety (90) days of separation will have to repay the state for the cost of the additional years of service credit and will not receive any cash payments not already paid. Employees who are drawing PERF/TRF pension benefits will be treated as not having retired and will be required to repay any pension benefits paid.

**Q16 What happens if I return to state employment more than ninety (90) days after my separation from state employment?**

**A16** Employees returning to state employment more than ninety (90) days from date of separation will retain the additional years of service credit, but will forfeit any cash payments not already received.

**Q17 Is there a limit on how much I can earn in PERF/TRF-covered employment after participating in this program?**

**A17** If you are under age 65 and drawing PERF/TRF pension benefits, your pension benefits will be suspended when you earn more than \$25,000 a year in a PERF/TRF-covered position.

**Q18 Where can I receive the forms needed to participate in this program?**

**A18** Packets of information will be available on-line at the State Personnel Department web page. <http://www.in.gov/jobs/retire>